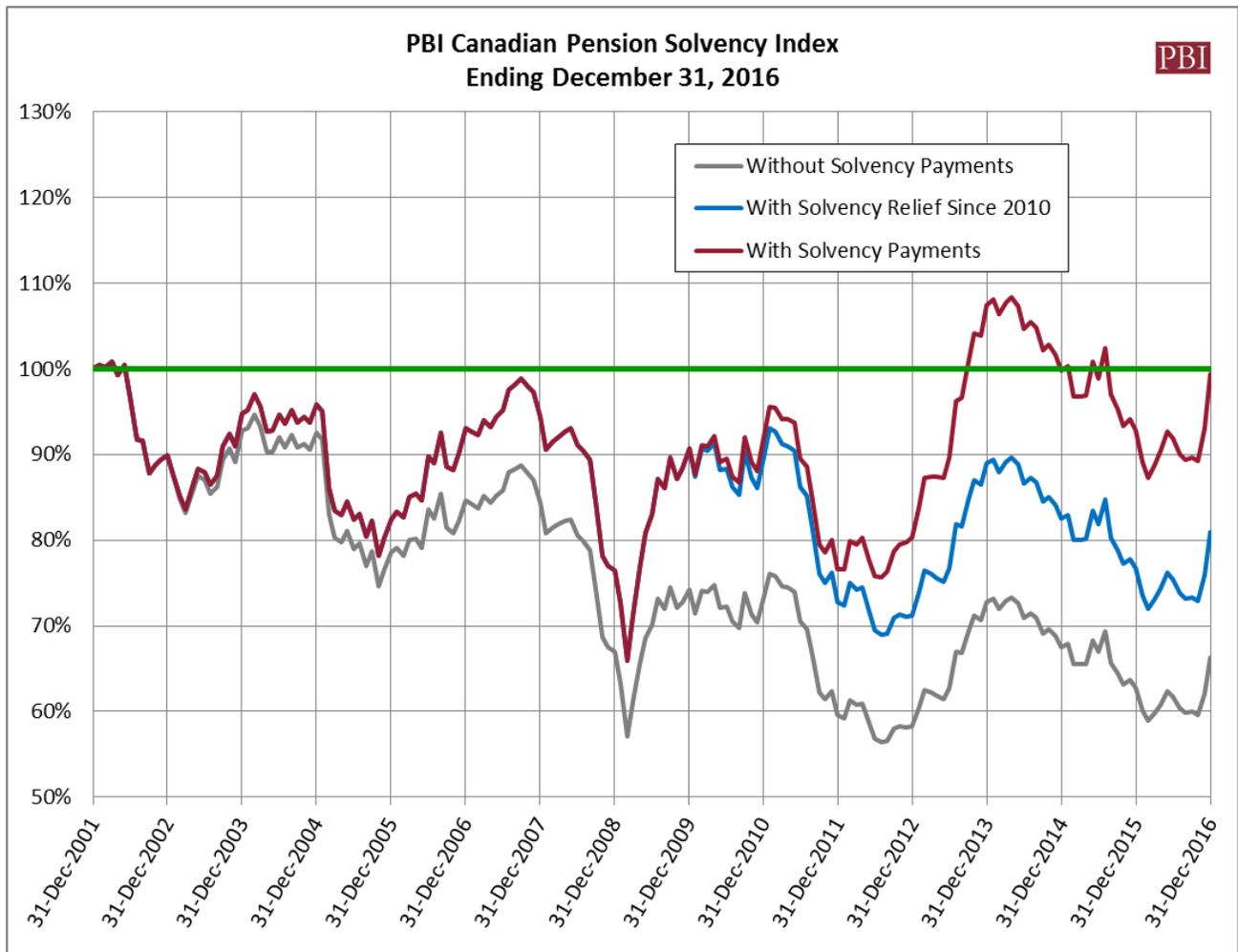


**THE PBI CANADIAN PENSION SOLVENCY INDEX
 FOR THE PERIOD ENDING DECEMBER 31, 2016**

The PBI Canadian Pension Solvency Index illustrates the development of solvency positions for a sample pension plan. The sample standard pension plan of the PBI Canadian Pension Solvency Index has the following characteristics:

1. A 100% solvency ratio as at December 31, 2001. This assumption is based on historical data indicating that most pension plans in Canada were fully solvent in 2001.
2. A membership demographic comprised of 50% active and 50% retired member liabilities at that same date.
3. Assets invested in a passive portfolio consisting of 40% Universe Bonds, 30% Canadian Equities, 12.5% U.S. Equities, 12.5% EAFE Equities and 5% Cash (rebalanced monthly). This portfolio was selected to mirror an industry standard asset mix and is not representative of PBI clients.
4. Contributions are assumed to equal benefit payments and amounts required to fund any solvency deficiencies.



Illustrative purposes only.

Canada's GDP rose an annualized 3.5% in Q3 driven by net exports, consumption and inventories, following a 1.3% decline in Q2. While a quarter of Canada's oil production was temporarily halted in Q2 due to the Fort McMurray wildfires, oil production resumed in Q3 and this led to a surge in exports. Canada is expected to further rebound with positive GDP growth in Q4. The Bank of Canada has revised its outlook for Canada's growth to 1.3% for 2016 and 2.1% for 2017, down from April's projections of 1.7% and 2.4%, respectively. Although oil prices have risen from the lows reached in early 2016, the viability of many energy-related companies continue to be challenged.

Gains made in a typical pension plan's solvency since mid-2013 have been eroded by the combination of lower yields, negative capital market returns and the adoption of the CPM 2014 mortality table. Since reaching a cycle high of 108% funded status in March 2014, the Pension Solvency Index has declined in almost every successive quarter. At the end of December 2016, the PBI Canadian Pension Solvency Index stands at 99%, up from 90% at the end of September 2016.

Liabilities are calculated using the prescribed basis from the Canadian Institutes of Actuaries, valuations are done annually and any identified deficiency is funded on a monthly basis over a five (5) year period. Improvements in the solvency ratio over time reduce outstanding payments on a pro-rata basis.

It is important to note that the actual results of your pension plan (including funding results) may differ materially from those of the sample standard pension plan due to differences in the asset-mix of your pension plan, investment returns, the structure of the plan's liabilities, as well as differences in contributions paid. The PBI Canadian Pension Solvency Index is provided for informational purposes only.

If you have any questions regarding this index or would like to submit your comments, please do not hesitate to contact Karen Chen at 604-647-3246 or by e-mail at karen.chen@pbiactuarial.ca or Philip Falls at 604-647-3239 or by email at philip.falls@pbiactuarial.ca.

ABOUT PBI

PBI Actuarial Consultants Ltd. is a dynamic and growing company providing actuarial, administrative and investment consulting services for pension and benefit plans, as well as various trust funds. PBI serves clients across Canada from offices in Vancouver, Montreal and Toronto with a focus on multi-employer plans, non-profit and public sector organizations.

Visit our website at www.pbiactuarial.ca to learn about our services or connect with our experts for more information.

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